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STATE OF THE COUNTRY.

ESSAY

ON THE

CURRENCY QUESTION.

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ESSAY ON THE CURRENCY.

It has hitherto been the official language of the members of Government that the present distress, which I think few will deny has reached every branch of our national interests, has originated in "causes over which they have no controul." This pusillanimous declaration being the only solution of the strange problem of our national embarrassments which they are pleased to afford, it becomes a matter of personal interest to every individual member of the commonwealth to review, and vigilantly scrutinise, the political system of their ruling statesmen, and to try whether they cannot detect and develope the germ of mischief from whence these "causes" spring; and to prove upon the legislature how far, by the exercise of a sounder judgment, they *might have been foreseen, and ought to have been controuled.*

The most influential "cause" in operation to aggravate the distresses of the country I conceive to be, the restriction of the Paper or Credit Circulating Medium, "in order to return (as it is said officially) to a Metallic Currency."

Now in the first place *I dispute the fact* that a metallic circulation, as the exclusive representative of the value of labour, to the relative extent now required under our manufacturing system of employment, *ever did exist in this country, or does exist in any country in Europe.*

In the second place *I question the utility* of such a restriction, even could it be permanently effected.

In the third place I contend that a cheap and plentiful credit circulation developes the resources and stimulates the productive industry of the country, and is therefore in itself a more desirable medium of barter than either silver or gold.

And, lastly, I shall endeavour to shew that much misapprehension prevails in society respecting the character, merits and influence of the small note circulation of country banks.

In the present state of society and of the *law*, the whole value of the periodical and weekly labour of the country, (with the sole exception of agricultural and household domestic labour,) requires a metallic representative. The early system of manufacturing was, to make the goods principally at home, and sell them, when wrought, to merchants and tradesmen for Bills of Exchange. This mode of conducting a manufacture was, for instance, the practice of the clothing district. At Sheffield, which is the seat of a very ancient branch of British manufacture, namely, Cutlery, the masters, who were called factors, had each a store-room or shop, where

the workmen they employed were supplied, *on credit*, with the principal necessaries of life, and the amount was deducted from their wages. With the customs of London I am unacquainted; but in the country every other branch of manufacture was originally conducted upon a similar system; either the manufacturer made his goods at home, and sold them to the merchant or trader, or the workman bartered his labour for the necessaries of life. I am not adverting to these early customs with a view to defend the system of paying wages in goods; but to support my assertion, that in the infancy of our manufactures, a metallic circulation, as a representative of labour, was but partially employed; and I am credibly informed that manufactures on the Continent are all at this present time conducted upon a similar system. As the manufactures of this country extended themselves, the credit system, which confined workmen to the retail shops of their employers, became so oppressive that, with a view to ensure to the workman the full value of his labour, the legislature passed various acts of Parliament rendering the payment of wages in goods illegal. Yet so strong has been the interest, and so prevalent the habit of masters and men to revert to this system of bartering goods for labour, that it has been the subject of legislation in no less than seventeen different acts of Parliament, and seems only to have been effectually superseded by the substitution of "*credit notes*," even under the value of twenty shillings. So the master-manufacturer being restrained by law from paying his workmen in goods, paid them in these small notes, which the retail dealers did not scruple to receive, *giving in fact credit for the amount to the master who issued them.* This system was at length abused by the "inconvenient restrictions" (see preamble to the act) annexed to some of these promissory notes; and a bill was brought into Parliament in 1775, by Sir Geo. Saville, restraining the issues of promissory notes "for any sum under the amount of twenty shillings." Two years after this, a second act of Parliament restricted the issue of a credit circulation under the amount of five pounds. This state of the law respecting the credit currency continued in operation *exactly twenty years*—from 1777 to 1797—when the celebrated Bank Restriction Act was passed, and it is to *this period only* that the late Lord Liverpool could with strict accuracy have alluded in the debates on the Currency in 1826, when he affirmed, "that in returning to a metallic "currency, Parliament were trying no new expedient; they were "only reverting to what was the state of the Currency previous to "1797."

During this golden period of twenty years, many of our manufactures date their origin, especially the cotton manufacture; which was a very limited branch of our national industry, so long as the supply of cotton yarn was confined to the wheels of our cottagers; but the invention of the *spinning jenny* in 1767 by Mr.

Hargraves being quickly followed by the mechanical improvements of Mr. Arkwright, gave such a powerful impulse to this branch of our manufactures, that it has since surpassed all others in extent and importance. Yet concurrently with this flourishing state of manufacturing industry, a deficiency in the supply of a circulating medium was often severely felt in the country. Credit shops, which the workmen were expected to frequent, small notes although illegal, perquisites, local coinages of copper, silver tokens, and a variety of devices to facilitate the barter of labour for wages were resorted to, until at length the scarcity of gold, and the pressure of the public expenditure in consequence of the war, compelled the Legislature in 1797 to rescind the restrictions they had placed upon a credit circulation, which was soon rendered not only the current circulation of the country, but was no longer convertible at the will of the holder into gold.

From this period the issuing of promissory notes fell by common consent almost wholly into the hand of Country Bankers, who were generally at their origin, the most opulent tradesmen in the provincial towns; and, notwithstanding the sarcasms cast upon them in the debates of 1826, were decidedly the individuals best qualified, by their local knowledge, to regulate the credit currency of their immediate neighbourhood. From these Banks the notes were procured by the workman's employer instead of issuing them himself, and the interchange of labour for the necessaries of life went on as before, by the owners of property in the town and neighbourhood giving credit to the one individual, the Country Banker, instead of the many who, when the system of credit notes first came into operation, paid their workmen in notes on their own security. All these arrangements to facilitate barter plainly prove that the productive industry of the country has always been "a start" of the circulating medium—the tendency of legislative enactments has in many instances been to restrain, but the temper of the people has always been to free themselves from impediments to employment and labour—the restrictive system of Government has at length prevailed, and the industry of the country now, alas! wears fetters. It is bound in chains of gold and silver, *for the master can employ no labourer, and the labourer can eat no bread, until a piece of gold or of silver to represent that labour and that bread* has been procured from South America or elsewhere, and forms part of the metallic circulation of the country.

The truth is, and the public when they have smarted a little longer under the rod of Dame Experience will find it out, that although a silver and copper currency is a convenient medium for facilitating barter, a gold currency becomes an impediment to the prosperity of this country. It is a costly medium of barter: for if we will have gold to represent all the ordinary traffic between man and man, to obtain it we must first part with something we possess

which is equivalent in value—in other words, *we must purchase it.* It is likewise a fluctuating medium; for it is well known that a trifling advance in the price of bullion, either draws the coin out of the kingdom, or consigns it to the melting pot. Men who have the command of a monied capital are always ready to employ it where they can obtain the highest interest for their loans, so that the circulating medium of the country may this year abound in England, and the next year be transferred to Germany.

In this view of the subject I have also the support of the opinion of the late Sir Robert Peel, contained in a letter he addressed to the members of both Houses of Parliament in 1826:—"In the "enlarged scale of business carried on by this country, embracing "a great variety of pursuits, a reliance on a metallic circulation "alone—*ever did and ever will fail us.* Gold, though in it itself "massy, often disappears in consequence of war or speculation— "nay the breath of rumour itself is sufficient to disperse it. Our "domestic concerns are interrupted and confidence lost for want of "an ample and approved medium of traffic."

Now our local credit circulation was purely national, *it was the representative of wealth and property in the country*, and it did not impoverish the public to obtain it. To the Government it was a goose that laid golden eggs, but like the boy in the fable they have killed the goose, and lost their auriferous treasure. How little justice there was in the outcry raised against the value of this credit circulation is best proved by the fact, that although every Country Banker throughout England was called upon simultaneously and suddenly to discharge such obligations, only eight per cent. of the whole number suspended payment, and the majority of these houses were ruined by the failure of their London Bankers, which cut off their anticipated resources, and nearly all have since paid twenty shillings in the pound to their creditors, so that the loss the public really did sustain was but to a small amount *(i. e.* about $\frac{3}{4}$ per cent.) certainly not worth a moment's consideration. The want of this credit circulation, now that it is withdrawn, being so severely felt by the provincial public, many persons, including Members of the Legislature, have endeavoured to devise expedients to render this credit circulation as secure as gold; in other words, with profound wisdom they propose that the public should give credit only, under the security of *pledges* and *mortgages*. To this *security credit circulation* I fear that there exists one fatal objection—*no one will be found to issue it.* The note circulation of a banker comprises a very limited proportion of his credit transactions with the public. "He is a general borrower as well as a general lender, and stands guarantee as it were between the debtor and creditor interest of the country." Now what sort of credit could a banker obtain with the lending portion of the public, if his private fortune, which now stands guarantee for the whole amount of his debts, was thus

pledged to pay one specific portion of his credit engagements in preference to the rest. Why, the public would justly ask, is the holder of a one pound promissory note to be considered as entitled to a better security than the holder of a five pound note, or a bill of exchange, or than the deposit customers of the bank, who frequently invest their whole fortune in his hands? It would be giving a right of preference to one class of creditors over all the rest, which no banker could possibly agree to, without forfeiting all rational claim to public confidence. A second objection to this security credit circulation will also be found to originate in the proper jealousy that Country Bankers entertain of the interference of Government itself. Many most respectable bankers are so scrupulously vigilant in this particular, that they even object to keep the banking account of the receivers of taxes, because of the power of Government to issue extents, and take the preference of all other creditors. It is therefore little to be expected that a body of tradesmen, who are conscious how much it is their paramount duty to themselves and to the public to keep their property free from the taint of Government obligations, will, under any conditions, consent to pledge their title deeds and other mortgages; their bonds, and their funds; and transfer their securities from their own strong box, into the hands of Government Commissioners. Another class of persons are desirous of throwing the whole of the credit circulation of the country into the hands of the Bank of England. This scheme would meet with few objectors in London and in Lancashire, where these notes so long constituted the current circulation of these districts, but in the rest of the provinces, the security of the Bank is not held in such high repute as to obtain for its circulation the same unlimited degree of confidence.

It is well known that by the terms of its charter the whole of the original capital of the Bank, amounting to fourteen millions, is permanently lent to Government. The advances to Government upon the *dead weight* are full *twelve* millions, the advances on Exchequer Bills are usually about six millions, but in February 1826, amounted to eleven millions; and Mr. Baring, in the debates of that Session, condemned the conduct of Government, for engrossing, as he said, the whole real capital and funds of the Bank. As a security for this immense debt, the Bank has an appropriation of the product of the taxes. Now supposing it should happen that the revenue, hitherto supplied by the taxes, should fail;—and this will assuredly prove no idle surmise unless some measures are speedily taken to render profitable the productive industry of our *native population;*—supposing, I say, that a deficiency in the revenue should incapacitate Government to fulfil its pecuniary engagements with the Bank, what becomes of the Bank capital? It depends upon the taxes, and upon the taxes only, for like the national creditor, the Bank has no lien upon the property and real estates of

the public—the capital of the Bank, therefore, depends upon the productive state of the revenue, and the revenue upon the prosperity of the country, which can scarcely be said to exist, and this is the whole amount of the undeniable security of the Bank. The Country Bankers are, on the other hand, almost invariably men of landed property, which, by the operation of the bankrupt laws, becomes a *real security* for the amount of their credit circulation: if they cannot pay their debts in gold, they must pay them in acres; and that this is a sort of security that accords better with the feelings of the provincial public, than the appropriation of the taxes, is best illustrated by the fact that, with the sole exception of Lancashire, local notes were always preferred in the country to one pound Bank of England notes. The countryman reasoned upon this subject with far sounder judgment than any of our rational legislators, when he carried in his notes during the panic into the Bank at Derby; receiving in exchange a Bank of England note, he returned it to one of the partners, observing, that he knew nothing about that London Bank, but as the gentlemen in the Bank at Derby had all large estates, he would much rather take the value of his notes in a piece of land. The security offered to the public by the Country Bankers is therefore, I contend, a better security than that of the Bank of England; and the provincial public, if left to the free exercise of their own judgment, will never discard the former to adopt the latter.

I proceed now to examine the charge so confidently advanced by Government, that the commercial speculations and subsequent panic of 1825 originated in the *over circulation of the Country Banks.* The whole amount of the local circulation of 1823-4 and 5 did not, according to Secretary Peel, exceed an average of *seven millions*, and this amount, Mr. Peel admits, included the credit circulation of many manufacturers, who had taken out bankers' licences to enable them to pay their workmen in their own notes, while the circulation of the Bank in February 1825, seven months, observe, before the panic, actually fluctuated more than half that amount, and from the 26th November 1825, to the 24th December 1825, during the period of the panic, the Bank circulation was augmented from seventeen and a half to twenty-five millions, a difference of more than the whole amount of the local small notes, ever issued. It also unfortunately happens that the ruinous commercial speculations, which were stated to be the main cause of the subsequent subversion of public confidence, *did not either originate or materially extend to the provincial towns*, but were confined almost exclusively to London and to Liverpool, (the very places where it was the boast of Government that there was no local circulation,) and were occasioned wholly by extended accommodation, and subsequent sudden contraction of the credit issues of the Bank. The extension of the issues of local notes, was, I maintain, required by the

full employment of the people during that period, for they are, as I have before explained, chiefly employed as a *medium of barter* to represent the value of labour; and if a check from "*over production*," as the new Political Dictionary expresses the full employment of our labouring class, had followed the three years of prosperity, *the local circulation would as naturally have contracted itself as any other medium of accommodation that falls into disuse when it is no longer wanted.*

I have now, lastly, to examine the relative pretensions of the Bank of England, and the great body of the Country Bankers, to public confidence, on the score of wealth. The former has, according to the authority of Mr. Baring, as reported in the newspapers, a real capital of *fourteen* millions, and how it is principally disposed of has before been stated. The Country Bankers, who were in 1825 (including the manufacturers who were circulators of notes) eight hundred, are now about five hundred different firms;—and it will, I think, be a minor estimate if I set down their real and personal property at an average of £40,000 each firm. Here, then, is a security for their engagements placed by the Bankrupt Laws in the hands of the public, amounting to *twenty millions.* Now whether local notes to the amount of *seven millions* were not issued under a more ample security than Bank issues to the amount of *seventeen millions*, I leave it with the common sense of the public, although versus the authoritative decision of Parliament, to judge.

If instead of annihilating, Government had gone rationally and steadily to work to correct those faults in the system of Country Banking which have a tendency to endanger the security of the local credit circulation, they would have established a far better claim to the confidence of the public than their past hasty measure entitles them to assume.

The first protecting measure should have been to prohibit what we call in the country a chain of banks; that is one firm having banking establishments in different towns. The second restriction should have been to reserve to Government a discretionary power to refuse bankers' licenses to issue notes to any firm of which the partners collectively, or individually, were engaged in any other branch of commerce or manufacture.

By the first restriction the Legislature would have effectually counteracted the possibility of an extensive over-issue of notes by any improvident speculation firm, for the circulation being confined to their immediate neighbourhood, and under the vigilant eye of their own customers, the public would soon have checked their issue by a demand for gold. And they would further, by rendering the issuing of small notes *strictly local*, have put an end to a custom that prevailed amongst firms who were desirous of pushing an extensive circulation, namely, that of sending clerks on a market

day to the surrounding towns for the express purpose of discounting bills of exchange with their own notes, by which practice they not only extended their issues to a large amount, but also disseminated their credit circulation throughout a district so remote from the place where it was nominally issued, that the public, under any feeling of distr~~ess~~ust, were deprived of the convenient exercise of their privilege of carrying their notes into the bank to be exchanged for gold. Another advantage attending the restriction of a firm to one local situation is, that it would have been less liable to create alarm and mischief throughout a district in the event of any local distrust or embarrassment. This is so obvious I hardly need advance any arguments to prove it, for it is well known that a branch establishment of the same firm is never affected without the shock being felt by the whole concern; and as alarm spreads like contagion, innocent neighbours are often visited by the consequences of circumstances that have occurred far beyond the circle of their own connexions.

There is also a third reason why this restriction would have been desirable, namely,—for the equitable protectection of local public interests. The imprudence or misconduct of the managing partner of any one branch of these establishments causes the stoppage, and generally the failure of all the other branches. Such was the case in the great failure of Wentworth's Bank, in 1825. The York branch of this firm was solvent, and the Bradford branch also. This was proved on the examination of their respective accounts after the failure; but the Wakefield establishment had been so improvidently conducted, that it stopped payment, and involved the other two branches. The public, therefore, at York, and at Bradford, were injured by the imprudence of a distant branch, with which they had no intercourse or immediate concern.

I next come to the second salutary restriction, namely,—a discretionary power in granting bankers' licenses. This would have obviated the force of Lord Liverpool's objection, "that any low person, any small tradesman, a cheesemonger, a butcher, or a shoemaker, might open a Country Bank." And I must here beg leave to observe that, with all due respect for the late Lord Liverpool's general information and good sense, ~~that~~ he never *advanced an assertion, though true in theory, more false in fact*, for that low and obscure individuals could ever, were they even ambitious to do so, obtain a degree of confidence amongst their neighbours to enable them to open a banking establishment, and circulate credit notes upon their own security, was an assertion so palpably absurd, as to carry its own refutation on the face of it. That it was from among the respectable and opulent class of retail tradesmen that many Country Bankers sprung, is very true, and so have London Bankers likewise; but to assume for the sake of enforcing an argument, that

the provincial public had so little regard for their own interest as to place confidence in any Jack Straw and Tom Long who chose to write "BANK" over his shop door, was not very creditable to the candour and the discrimination of the Prime Minister of England. However, as I said before, the restriction of bankers' licenses to persons not engaged in retail trades or commerce, &c. would have effectually removed this objection. Neither could manufacturers have taken out bankers' licences to enable them to pay their workmen in credit notes; nor would bankers themselves have been under any temptation to increase their circulation for their own individual benefit, or to abstract any part of the Bank capital to carry on separate mercantile concerns. The public would thus have felt confident that the property they possessed was a security for the debts of the Bank only, and not encumbered with a diversity of mercantile obligations.

The above restrictions would, I contend, have been wisely adopted; and would have been a manifest improvement of the Country Banking System; but that the credit circulation of the country has ever been conducted upon principles so wild and visionary as its detractors have, with a hasty and uninformed judgment, so confidently asserted, I am fully prepared to refute. With respect to the credit circulation of the Bank. That it originated in the necessities of the State, has been before explained—it is a "Promise to pay," in anticipation of the product of the taxes. The local credit circulation, in like manner, originated in the necessities of the provincial public—*the productive industry of the country could not have been stimulated and continued in a state of full activity without it*—for neither agriculture nor manufactures could have flourished as they did during the war, when the country was drained of its specie, without a cheap and plentiful medium of barter to represent the value of the labour of the people.

That many Country Bankers by whom this credit circulation was issued have failed, and that individuals have been considerable losers by these disastrous occurrences, is very true; but upon a gross estimate of profit and loss, and striking a general balance with the public, I very much doubt, problematical as the assertion may appear, whether even in these failing concerns the public have not been the gainers. No bank could have been opened, unless the partners had some reasonable claim to public confidence; I am therefore entitled to assume in argument, that all Country Banks had originally, at least, one man of real fortune in the firm. How these fortunes may have been lost, without either blame attaching to individuals, or radical faults in the system, it is not difficult to explain. One great source of failure has been the insolvency of their London Bankers. Any one acquainted with the history of Country Banking can bear testimony how ruinous has been the consequences of these events; many really solvent Country Firms

have been obliged by these stoppages to appear in the *Gazette* themselves, in order to afford time to wind up their affairs, though they have ultimately paid every shilling they owed their creditors. Another source of failure has been the general depreciation in the value of the property of their customers, which subjected the Banker to heavy pecuniary losses. This depreciation has occurred three times, once in 1816, when on the transition from war to peace the average fall of prices was not less than twenty-five per cent. and at least an equivalent number of traders and merchants, to whom they had advanced money, became embarrassed in their circumstances; a second similar fall of prices took place in 1819, and although they rose again through 1822 and 1823, yet a third depreciation to an equal amount having again taken place since 1825, and the Bankers having been again subject to the liability of experiencing an equivalent loss, no wonder if in some cases the difference should be more than the amount of the Banker's private fortune; and that by the ruin of his customers he himself becomes insolvent; add to this, that all Bankers have not been equally prudent, or exercised the same sound judgment in conducting their affairs; and that some who were both Bankers and Traders suffered by the depreciation of property in both capacities; and there is little difficulty I think in accounting, on rational grounds, for the apparently excessive number of Banking failures. But yet I contend that the public have gained what the Bankers have lost by dividing amongst creditors their original private fortunes. It may be objected that the Bank of England "was subject to none of these embarrassments, and that therefore a circulation of its notes exclusively would have been a greater public benefit than a circulation of local notes." It is true that the Bank has always fulfilled its engagements, and why? because its credit issues were protected by the Legislature. I fancy it is pretty well understood that unless the Bank Restriction Act had been passed in 1793, either the Bank must have stopped, or Government must have suspended payment. But Mr. Pitt, that mighty and prescient genius, foresaw the coming danger, and applied the remedy; forsaking the beaten track of custom, he *superseded the necessity of a metallic currency, by circulating a credit representative of the productive industry and real property of the country.*

This is traced to its true origin, the legitimate character and nature of our paper circulating medium; to call it paper money is to use a term which, even in common phraseology, conveys a wrong idea; it misleads the ignorant, and confounds the wise, or the late Mr. Tierney would never have been guilty of so gross a sophism as to exclaim, when it was mentioned in the House, that a Country Banker, after having his notes frequently returned, had burnt them, "he did not believe that any person would be such a fool as to burn his money," as if Mr. Tierney knew no better than to call a dis-

charged "*Promise to pay*" money. Money, our paper-currency never was, *but a representative of something equivalent in value.* That equivalent might be gold, might be land, or houses, or merchandise, or labour, or any thing else. It is true that one pound sterling was adopted, for public convenience, as a nominal measure of value; but it was not the real measure of value, because, at the time this credit circulation was issued, the gold coinage of the country was worth more in bullion than the amount of its standard value in coin. To require, therefore, that the national debt and annual taxes, which ~~were~~ were contracted, and were estimated, under this relatively cheap credit currency, when both labour and property of every description took a higher figure of value, should be repaid and collected in bullion, and in bullion only, *is to increase to an enormous amount the pressure of the taxes and of the national debt—it is, in fact, nearly to double them.* For I have before stated that the value of property has fallen in three successive periods fifty per cent. since 1815; so that, notwithstanding the reduction of twenty millions in the amount of the national expenditure, in consequence of the peace, and the lower rate of interest paid on the five and four per cent. funds, the tendency of the measures of Government to lower prices, whether it be of *labour*, *land*, *corn*, or *merchandise*, does in fact *raise the actual value of the taxes*, now paid by the people, *above the war amount*, when the whole of the productive industry of the country was in a state of full employment.

I have now according to the best of my judgment given a correct account of one of the leading "*causes*" of the present embarrassed state of the country. Until "credit," which is the life and soul of business, is effectually set free from the injudicious restrictions of the Legislature, times may grow worse, but they cannot become better. Ministers may shift and modify the payment of the taxes on what class, and in whatever manner they please, the *sum total* to be paid into the Exchequer is the same, and that sum exceeds at this time the whole amount of the annual rental of the kingdom. If they take off the Excise Duties, which seem to press heavily on the poor, and raise the amount on the property of the rich, this modification will afford no general relief to the country; for in the same proportion that the income of the rich is reduced, will they of necessity be compelled to reduce the amount of their domestic expenditure. They will keep fewer servants, employ fewer workmen, &c. &c. or perhaps *go abroad to retrench*, and thus not only defraud the public Exchequer of their fair proportion of the taxes, but expend likewise the whole amount of their income on the productions of the labour of foreigners; so that ultimately the labouring class at home will be the sufferers by the reduction from taxation, or the total loss from absenteeism, of the benefit of the incomes of those that afford them employment. I am quite aware that our Ministers have gravely proposed to relieve the dis-

tresses of the working class, by lowering the duty on "soap and candles," which is, to prescribe for a patient who is sinking from debility in a typhus fever a tea spoonful of camphor julep, when his case requires a bottle of brandy. Besides, there is a very wise direction in these matters recorded in the works of a certain authoress of gastronomic fame, "First catch your gudgeons"—"First earn your wages!" To talk of effectual relief from the reduction of a duty which is, like the leather tax, so small a fraction of a man's earnings that five minutes' well paid industry, (when industry was a marketable commodity,) would have covered the whole amount, is surely miserable trifling. It may suit the calibre of some men's understandings to pursue "small deer," but a bold hunter would rouse and chase the lion.

The solution of the problem of our national difficulties is, I contend, to be sought for here. The working currency of the country is annihilated; the labour of the people is fettered by a metallic medium; the value of property is reduced one-half; the amount of the national debt remains the same, and instead of keeping up the value of property, and promoting, by every expedient the productive industry of the people, that we might bear our fiscal burthens, and gradually redeem our debt, the great aim and object of our statesmen have been to reduce our prices to the level of our continental neighbours, for no earthly benefit but that we might have inert masses of gold in our coffers, and undersell all the world with our manufactures, whilst all the world is naturally opposed to us,—every state being desirous to employ their native population by manufacturing at home, so that the cheaper we sell, the heavier they tax,—thus our cheap goods, while they impoverish this country, are, indeed, a gold mine for the Exchequers of other states. Meanwhile the internal prosperity of our own country retrogrades and languishes; the superior importance of our native markets for our native labour, is underrated and despised—thus England, whose native energies no difficulties once could paralyse, whose vigorous spirit the world in arms could not subdue, is now insanely destroying herself with the subtle poison of a pernicious and ruinous financial and commercial policy.

P. S.—It has been remarked to the writer of the foregoing pages, that the plan therein proposed to provide against the recurrence of ruinous panics, in the event of a re-issue of a credit currency, is objectionable.

If the soundness of the principle which I have endeavoured to establish—namely, that a paper currency is a credit representative, either of property or of productive industry, or of something in short, that is of exchangeable value, be admitted, I see no reasonable objection to Government becoming circulators to a definite amount of small notes, as well as of Exchequer Bills, to represent the anticipated value of the annual taxes. As a check to

the recurrence of panics, I should therefore propose to circulate likewise a new description of paper currency, not convertible at the option of the holders into gold; namely, an Exchequer Currency, issued by the state, being a conversion into a circulating medium of either the whole or a part of the interest of the national debt, or of the current expenses of the Government. And that this currency should be established as a legal tender in all debts due to and from the Crown; and in all credit engagements throughout the country, under a specified amount (or say of the amount of 20s.) unless an obligation to pay gold coin has been specified in writing.

I would also suggest, that the gold coin of the realm might no longer be required to circulate at its standard value of 20s. but at its actual value as bullion; and that *silver*, which was the ancient standard metallic coinage adopted by this country, *as it still is by all the world besides*, might be re-established with advantage as the standard of value. So that instead of having a debt of 800 millions, which was borrowed in a relatively cheap and plentiful credit currency, to repay in a dear and scarce gold currency, we should repay it as we borrowed it, when the worth of the property of the country was estimated, not by the gold standard of the mint, but by a credit representative of its real or exchangeable value, as augmented in its relative amount by the fiscal burthens of the state.

Under this arrangement the public would have the option of three different securities. The revenue to be paid by themselves—the monetary capital of the Bank of England—or the miscellaneous property and estates of the Country Bankers.

A List of the various Statutes enacting the Payment of Workmen's Wages in Money.

1.—1464, 4th Edward IV. c. 1.—Cloth makers shall pay to *carders*, *spinners*, and all such other *labourers*, in any part of the said trade, *lawful money* for all their lawful wages, upon pain of forfeiture to the labourer, of treble the amount of the wages not so paid.

2.—1565, 8th Elizabeth, c. 7.—The Draper's Guild at Shrewsbury, required to pay the shearmen, cottoners, or frizers, of Welsh cloth, *in ready* and *present money*, for all their said work; and shall not deliver any *ware* or *any other thing whatsoever*, in satisfaction of their said work, or any part thereof.

3.—1572, 14th Elizabeth, c. 12.—A repeal of the privileges of the Guild, and a confirmation of the enactment respecting the payment of wages.

4.—1702, 1st Anne, c. 18.—To prevent the oppression of workmen employed in the *woollen*, *linen*, *fustian*, *cotton*, and *iron* manufacture, all payments of wages to be in the *lawful coin of the realm*, and not by any *cloth*, *victuals*, or *commodities* in lieu thereof, under a penalty of double the amount of the wages.

5.—1711, 10th Anne, c. 16.—The manufacturers of mixt or medley broad cloth, to pay their workmen *in money*, and shall not in *lieu of payment*, impose or deliver to them any sort of *goods* or *wares* for such work. Penalty 20s.

6.—1714, 1st George I. c. 15.—The foregoing clause of Anne re-enacted with the augmented forfeiture of 40s.

7.—1725, 12th George I. c. 34.—If any clothier, &c. &c. or any person concerned in employing workmen in the woollen manufacture, shall pay their wages, either in *goods*, or by way of *truck*, or in any other manner, than in money, contrary to the true intent and meaning of this act, the offender to pay a penalty of £10.

8.—1726, 13th George I. c. 23.—The foregoing clause re-enacted, and extended to the manufacture of leather, with the additional provision of (except and at their request and by their consent only).

9.—1736, 9th George II. c. 23.—Restricts the payment of workmen in spirituous liquors, as part of their wages.

10.—1749, 22d George II. c. 27.—The former prohibitions against paying wages either in *goods*, or *by way of truck*, or in *any other manner than money*, re-enacted; and extended to the manufacture of hats, silk, mohair, fur, hemp, flax, linen, cotton, fustian, iron, or leather, or any mixt materials. Penalty £10.

11.—1756, 29th George II. c. 33.—For the regulation and better payment of the wages of persons employed in the woollen manufactures, prohibits payment either in *goods*, *truck*, *bill*, or *note*, or in any other manner, than in money, augmenting the penalty to £20.

12.—1757, 30th George II. c. 12.—Permits work in the woollen manufactory to be done by contract, but restricts the payment of the wages to money, and to be paid two days after the delivery of the work, under a penalty of 40s.

13.—1779, 19th George III. c. 49.—Enacts that all persons who shall employ any manufacturers of thread lace, or who shall purchase lace of them, shall pay them in money only, and not with goods, notwithstanding any usage or custom to the contrary, under a penalty of £10.

14.—1817, 57th George III. c. 115.—Prohibits the payment of wages in goods, or by way of truck, or otherwise than in the lawful coin of this realm, to workmen employed in articles made of steel, plated articles, and cutlery. Penalty £10.

15.—1817, 57th George III. c. 122.—The same provisions extended to labourers in collieries.

1 .—1818, 58th George III. c. 151.—The whole of the provisions of the foregoing acts consolidated, with permission to masters to pay such workmen, *as shall be willing to receive the same*, in Bank of England or Country Bankers' Notes.

17.—1820.—1st George IV. c. 98.—Prohibits masters from making any stipulation or agreement either directly or indirectly, as to the place or manner of laying out the wages paid to their workmen. Penalty £10 to £20.

18.—1775, 15th George III. c. 00.—Preamble of the Act for restraining the negociation of *Promissory Notes under* 20*s*.—"Whereas various Notes, Bills of Exchange, and Drafts for Money, for very small sums, have for some time past been circulated or negociated in lieu of cash within that part of Great Britain called England, to the great prejudice of trade and public credit; and many such bills and drafts being payable under certain terms and restrictions, which the poorer sort of manufacturers, artificers, labourers, and others, cannot comply with, otherwise than by being subject to *great extortion and abuse*."

18.—1777, 17th George III. c. 30.—Part of the Preamble to the Act for further restraining the negociation of Promissory Notes under the amount of £5.—"And whereas the said act (see above) hath been attended with very salutary effects, and in case the provisions therein contained were extended to a further sum, the good purpose of the said act would be further advanced," &c. &c."

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